

**South Carolina
Workers= Compensation
Commission**

**ANNUAL
ACCOUNTABILITY
REPORT**

Fiscal Year 2000-2001

Section I: Executive Summary

Basic Description of the Agency

Created on September 1, 1935, the Workers= Compensation Commission administers and enforces South Carolina=s workers= compensation law. The basic premise and purpose of the law is to provide a fair, equitable, and timely system of benefits to injured workers and their employers. The Workers' Compensation Act serves to relieve employers of the liability for common-law suites involving negligence in exchange for becoming responsible for medical costs and lost wages of on-the-job injuries, regardless of fault.

Historically, six basic objectives underlie the workers' compensation laws:

1. Provide sure, prompt, and reasonable income and medical benefits to work-related accident victims, or income benefits to their dependents, regardless of fault;
2. Provide a single remedy and reduce court delays, costs, and judicial workloads arising out of personal injury litigation;
3. Relieve public and private charities of financial demands incident to uncompensated occupational accidents;
4. Minimize payment of fees to lawyers and witnesses as well as time-consuming trials and court appeals;
5. Encourage maximum employer interest in safety and rehabilitation through an appropriate experience-rating mechanism; and,
6. Promote frank study of the causes of accidents (rather than concealment of fault) in an effort to reduce preventable accidents and human suffering.

It is the responsibility of the Commission to administer the South Carolina Workers= Compensation Law, generally found in Title 42 of the Code of Laws of South Carolina. In accordance with the Administrative Procedures Act, the Commission also promulgates rules and regulations necessary to implement the provisions of Title 42.

1. Major Achievements in FY '00-01

- When compared to other states, South Carolina has moderate workers' compensation benefits (neither high nor low) with relatively low insurance premium costs for employers. In national comparisons, both overall and within the manufacturing sector as well, South Carolina premium rates are consistently among the lowest in the country;
- Publication of all required forms for workers' compensation in South Carolina are now located on our web

page www.wcc.state.sc.us;

- Through coordinated effort, those South Carolina Single Commissioner orders appealed, and Full Commission Orders, from October 1998 to present, are now available through WestLaw;

- Increased by almost 50% the number of unannounced business contacts to ensure employers are in compliance with the workers' compensation law and to provide protection for employees of employers who violate the law;
- Revised South Carolina Regulation 69-612 to reduce duplicative reports being submitted to the Commission and ease the burden on attorneys practicing workers' compensation in this State;
- Enhanced Commission's automated attendant to further assist stakeholders who contact the Commission via telephone are able to reach the individual(s) necessary to adequately and professionally handle the inquiry;
- Implementation of anti-virus software for the Commission's computer network; and,
- Establishment of a centralized agency computer help desk.

2. **Mission and Values**

Our Vision

Be the driving force in a workers' compensation system of excellence that delivers superior service to employers and their workers, thereby enhancing economic development in South Carolina.

Our Mission

Provide an equitable and timely system of benefits to injured workers and to employers in the most responsive, accurate, and reliable manner possible.

To accomplish this mission, the South Carolina Workers' Compensation Commission will:

- Administer the workers' compensation laws of this State in a fair and impartial manner;
- Collect the revenue due the State;
- Recommend improvements and changes to the laws administered;
- Ensure a professionally-trained staff of employees;
- Continually strive to improve the quality of services and products; and,
- Provide guidance to foster an understanding of and compliance with the workers' compensation laws of the State of South Carolina.

3. **Key Strategic Goals for Present and Future Years**

- Improve the timeliness and accuracy of benefits to injured workers by receiving and processing initial reports of injuries, eliminating insurer submission errors, reviewing settlements, lump sum awards and attorney fee petitions, collecting relevant statistical information, and closing all claims;
- Improve the length of time it takes to set 60-day hearings, merit hearings, appellate reviews, informal conferences;
- Improve the length of time to resolve contested issues between parties;
- Improve the length of time to resolve claims initially reported as uninsured;
- Increase savings on total medical cost while preserving worker access to quality health care; and,
- Provide training to interested customers/stakeholders on workers' compensation processes.

4. **Opportunities and Barriers That May Affect Agency's Success In Fulfilling Its Mission and Achieving It's Strategic Goals**

- During the process of searching for national comparison data to establish benchmarks, it was determined that a number of states do not track similar information. In fact, many other states look to our successes as a means of comparison.
- Numerous vacancies which cannot be filled due to budget cuts and fiscal constraints have led to an increase in the length of time it takes to set hearings, which may substantially impact injured workers in this State. This will cause an increased strain on diminishing resources for the economically impaired.
- Substantial building renovations may result in delays in the various process cycle times.
- Inability of management to participate and make decisions regarding TERI program participants has resulted in unexpected, unfunded fiscal payouts, which further impairs the Commission's budget. Further budget impairment may substantially affect process cycle times in the event of a reduction in force.
- Loss of good will with employers/carriers will result from delays in process cycle times. It will be difficult for these stakeholders to reconcile delays in process cycle times with budgetary constraints based upon the level of workers' compensation taxes being paid, which, by law, is for the purpose of funding the South Carolina Workers' Compensation Commission budget.

Section II: Business Overview

1. **Number of Employees** 75
 Number of FTE's 81

2. **Operation Location**

- a. Main: South Carolina Workers' Compensation Commission
 1612 Marion Street, Columbia, South Carolina 29201
- b. Sites: All 42 Counties (sites of actual workers' compensation hearings)

3. **Expenditures/Appropriation**

Base Budget Expenditures and Appropriations

	99-00 Actual Expenditures		00-01 Actual Expenditures		01-02 Appropriations Act	
Major Budget Categories	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$3,042,847	\$2,810,695	\$3,177,458	\$2,878,843	\$3,215,983	\$2,870,201
Other Operating	\$1,362,767	\$571,304	\$1,150,239	\$476,243	\$779,467	\$97,921
Special Items	\$0	\$0	\$0	\$0	\$179	\$179
Permanent Improvements	\$0	\$0	\$0	\$0	\$0	\$0
Case Services	\$0	\$0	\$0	\$0	\$0	\$0
Distributions to Subdivisions	\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits	\$731,145	\$671,641	\$778,081	\$705,632	\$792,990	\$722,265
Non-recurring	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$5,136,759	\$4,053,640	\$5,105,778	\$4,060,718	\$4,788,619	\$3,690,566

Other Expenditures

99-00 None
 00-01 None

4. Key Customers

The Commission has identified its two most important customer groups: South Carolina's employers and their employees. Other customers who are involved in the workers' compensation system and provide services of one type or another to employers and their employees include, but are not limited to: Commission employees, United States Congressional delegation, South Carolina legislative delegation, insurance companies, self-insured funds, third-party administrators, attorneys, physicians, hospitals, other state workers= compensation agencies, the Department of Commerce, the Employment Security Commission, the Department of Vocational Rehabilitation, the State Attorney General's office, the State Department of Labor, Licensing & Regulation, the Uninsured Employers Fund and the Second Injury Fund, the FBI and the U.S. Office of the Attorney General, the Social Security Administration and the State Accident Fund.

5. Key Suppliers

- Insurance companies;
- Self-insured funds;
- Third-party administrators;
- Attorneys;
- Physicians;
- Hospitals;
- Other state workers= compensation agencies;
- The Department of Commerce;
- The Employment Security Commission;
- The Department of Vocational Rehabilitation;
- The State Attorney General's office;
- The State Department of Labor, Licensing & Regulation;
- The Uninsured Employers Fund and the Second Injury Fund;
- The FBI and the U.S. Office of the Attorney General;
- The Social Security Administration; and,
- The State Accident Fund

6. Description of Major Products and Services

The Workers' Compensation Commission is a highly specialized, single purpose organization with three programs: Claims, Judicial, and Insurance & Medical Services. Each of the program areas has goals that link it to the mission of the agency. The Commission's mission is linked to its program goals by a common purpose and commitment to the principles of equity, fairness, timeliness, accuracy, and reliability that are fundamentally inherent in a state regulatory system that requires the participation of almost every employer and employee in South Carolina. Because of the Commission's singular purpose, its programs are inextricably joined together in one single processor system.

The Commission manages a system of benefits by holding hearings and informal conferences to resolve contested issues; monitors the management of all claims to ensure that benefits are paid accurately and timely; administers a self-insurance alternative for South Carolina employers; ensures compliance with the Workers' Compensation Act; establishes medical fee schedules containing medical costs while assuring access to quality health care.

7. Organizational Structure

Commissioners

The Commission consists of seven members appointed by the Governor with the advice and consent of the Senate for terms of six years and until their successors are appointed and qualified. The Governor, with the advice and consent of the Senate, designates one commissioner as chairman for a term of two years and the chairman may serve two terms in a six-year period, but not consecutively. The chairman is the chief executive officer of the Commission and responsible for implementing the policies established by the Commission in its capacity as the governing board.

The Commissioners are responsible for hearing and determining all contested cases, conducting informal conferences, approving settlements, and hearing appellant applications. In their capacity as administrative law judges, the commissioners must conduct the legal proceedings in the county in which the claimant was injured. For administrative purposes, the state is divided into seven districts. Commissioners are assigned to a district for a period of two months before being reassigned to another district. During the course of a fourteen-month period, the commissioners serve in each of the state's forty-six counties.

It is the responsibility of the Commission to administer the South Carolina Workers' Compensation Law, generally found in Title 42 of the Code of Laws of South Carolina. In accordance with the Administrative Procedures Act, the Commission also promulgates rules and regulations necessary to implement the provisions of Title 42.

Executive Director

The day-to-day administration and operation of the Commission is the responsibility of the executive director who is appointed by and serves at the pleasure of the seven commissioners acting in their capacity as the board of directors of the agency. The executive director functions as the Commission's chief operation officer.

Under the general supervision and management of the executive director are the Commission's six functional departments: (1) Administration, (2) Claims, (3) Insurance & Medical Services, (4) Judicial, (5) Legal, and (6) Information Services. Each department is under the supervision of a director and may be organized into one or more

operational divisions.

Judicial

The Judicial Department is responsible for scheduling contested matters and viewings before a commissioner and for scheduling appeals before an appellate panel of commissioners. Case preparation in anticipation of a hearing consists of reviewing a file, requesting additional documentation from the parties, preparing a case summary, sending notices to the parties, and maintaining the docket. The Commission's claims mediation services also are a responsibility of the Judicial Department.

Claims

The administration and management of accident reports and any resulting claims are responsibilities of the Claims Department. After an accident is reported to the Claims Department, claims personnel monitor its progress through the system at various stages. Individual case records are reviewed to ensure that the requirements of the Workers' Compensation Act and the rules and regulations of the Commission are being observed. Conflicts of a non-judicial matter are often resolved in the Claims Department.

Insurance and Medical Services

The Department of Insurance and Medical Services is responsible for maintaining and monitoring workers' compensation insurance coverage records for all employers, enforcing compliance with the Act, administering the workers' compensation self-insurance program, establishing payment systems and fee schedules for medical providers, and resolving disputed medical bills. The Coverage Division maintains insurance records for employers who purchase coverage from commercial insurance carriers. The responsibility for investigating uninsured employers to determine if they are subject to the workers' compensation law is the responsibility of the Compliance Division. Under certain conditions, South Carolina employers may self-insure themselves against losses resulting from on-the-job injuries. Qualifying and regulating the self-insured employers is the responsibility of the Self-Insurance Division. The department's Medical Services Division is responsible for maintaining the fee schedules that regulate charges by doctors and hospitals and for approving various fees and charges in accordance with the established schedules.

Administration

The Administration Department is responsible for a variety of internal programs, including finance, budgeting, human resources, purchasing, inventory, facility maintenance, motor vehicles, mail and printing, office services, and affirmative action, as well as administrative operations and decision-making processes of the Commission.

Information Services

The Information Services Department is responsible for the use and management of information, data processing functions, research and statistics, and records, both electronic and manual. One of the primary goals of this department is to increase the availability, accuracy, timeliness, and the quality of data and information used in the delivery of services.

Section III: Elements of Malcolm Baldrige Award Criteria

Category I – Leadership

The Executive Leadership Team of the South Carolina Workers' Compensation Commission is comprised of the Executive Director, Department Directors, and General Counsel. Executive leadership is crucial to direction setting, monitoring progress, measuring successes and accomplishing our mission.

The Commission's vision statement projects the standards the agency aspires to meet:

To be the driving force in a workers' compensation system of excellence that delivers superior service to employers and their workers, thereby enhancing economic development in South Carolina.

Executive leaders meet weekly to discuss long and short-term direction and performance expectations. The environment of these meetings is one of open communication and mutual contribution toward achieving desired successes. Executive leaders are expected to conduct similar meetings with their respective departments to maintain open lines of communication, encourage input from employees, increase interaction between management and employees, all in an effort to foster a more positive attitude about service.

Executive leadership works to foster individual productivity, establish performance expectations through communication and through one-on-one conferences with employees. Weekly executive leadership meetings provide for the identification of potential problems that affect all Commission stakeholders. The Executive Director also conducts status meetings with Executive Leaders to discuss departmental issues, work process improvement ideas and to obtain general feedback on leadership effectiveness.

Executive Leadership works to foster individual productivity, communication and to establish performance expectations through one to one conferences with employees. Weekly Executive Leadership meetings provide for the identification and team resolution of potential problems that affect all Commission stakeholders.

Each department displays the Commission's vision and mission statements, along with the department's individual mission statement to continuously apprise stakeholders of the standards their organization and employees strive to achieve.

Executive leadership has worked hard in their department to establish job notebooks that outline job and work processes. These manuals assist in providing on-the-job training for new employees and cross training for current employees.

Agency-wide communication is also effectuated by an internal e-mail system, use of memorandum and a monthly publication by the Executive Director's office of an internal newsletter for Commission employees, which highlights achievements, successes, events and exemplary endeavors by the agency's employees.

The Commission encourages its employees in leadership, training and other educational initiatives. The Executive Director and five department directors have graduated the Executive Institute. The agency supports the Associate Public Manager and Certified Public Manager programs; the Executive Director and several staff members have received their credentials and one employee has completed the CPM program. In addition, the agency supports employee participation in various professional associations, and attendance at educational seminars.

Commission employees routinely participate in community events. The agency is a long-term supporter of the United Way, and our United Way Campaign during this fiscal year was a very successful, raising a total of \$4,836.00 for the campaign. Commission employees also sponsored a bake sale for the March of Dimes, and a number of employees participated in the walk for that event. The agency volunteered in the Salvation Army Red Kettle Campaign and sponsored a kettle for one month during lunch hours at a local eatery. Many employees donated their lunch hour to help make this worthwhile endeavor a success. For several years, the Commission has adopted a family through the local Families Helping Families program. Response to this project is overwhelming, with almost all employees donating goods and time to ensure that a deserving family had a memorable holiday season. The Community at large receives the benefits of our employees giving spirit through service with church boards, Red Cross Blood Drives, Girl and Boy Scouts, National Guard and Reserves and other services oriented organizations. The Commission has a generous heart, and employees are always looking for ways to make life a little better for those less fortunate.

Employees of the Commission have access to numerous health programs, including “Prevention Partners”.

Commission employees sit on various boards and associations, such as the Procurement Review Panel, the South Carolina Workers’ Compensation Educational Association, the Southern Association of Workers’ Compensation Administrators, the South Carolina Occupational Safety Council and the State Employee Grievance Committee.

The Commission has identified its two most important customer groups: South Carolina’s employers and their employees. Other customers who are involved in the workers’ compensation system and provide services of one type or another to employers and their employees include, but are not limited to: Commission employees, United States Congressional delegation, South Carolina state legislators, insurance companies, self-insured funds, third-party administrators, attorneys, physicians, hospitals, other state workers’ compensation agencies, the Department of Commerce, the Employment Security Commission, the Department of Vocational Rehabilitation, the State Attorney General’s office, the State Department of Labor, Licensing & Regulation, the Uninsured Employers Fund and the Second Injury Fund, the FBI and the U.S. Office of the Attorney General, the Social Security Administration and the State Accident Fund.

Category II – Strategic Planning

Beginning in 1996, the Commission began to develop a strategic plan for the purpose of aligning all of the organization’s programs and policies for continuous improvement. All agency employees were participants in the process. After articulating agency vision and mission statements for our departments and divisions, each employee’s position description was rewritten to link individual duties and responsibilities with the mission of a particular work group. Employee evaluations were revised to reflect performance indicators linked to the specific job description and ultimately to the organization’s mission. In June 1998, the Commission awarded salary increases based on performance for those employees meeting or exceeding performance goals.

The development of performance measures helps the Commission to track and evaluate progress, successes and significant achievements. Cross-functional teams were created during the initial phase of the strategic planning process that were charged with examining programs and work processes. It was from this effort that the Commission first identified its key business drivers and key performance measures. The Commission also began an effort to establish and implement individual staff development plans as guided by key business indicators. An on-going effort has been made to refine key business drivers and gather baseline data to present as part of these reports. However, during the research process, it was determined that for much of the data captured and tracked, the Commission is the leader, as other states look to our successes as a means of comparison. The Executive Leadership is committed to revisiting the strategic

planning and development process under its new Executive Director and pursuant to the Malcolm Baldrige criteria to further the processes necessary for the South Carolina Workers' Compensation Commission to be the driving force in a workers' compensation system of excellence which delivers superior service to South Carolina's employers and their workers.

During the upcoming fiscal year, due to budget cuts, maintaining a vacancy rate and the possibility of a reduction in force, the Commission will focus on review of work processes. The focus of this review will be on revising, eliminating or adding processes which would ease the burden on Commission employees and continue to allow for hearing process cycle times to remain constant or be further reduced. This would positively affect numerous stakeholders, in that cases would continue to be resolved quickly. Quick resolution of claims eases financial burdens and emotional stresses on injured employees; reduces costs for the employer, which may result in lower workers' compensation premiums; reduces expenses for the carrier, which allows the carrier to offer lower premium rates to employers; and, allows medical providers to receive prompt payment for services rendered, thereby ensuring continued availability of quality medical care for injured workers.

Category III – Customer Focus

The Commission has identified its two most important stakeholder groups: South Carolina employers and their employees. Other stakeholders include, but are not limited to:

- Workers' Compensation Commission Employees;
- South Carolina's Congressional delegation;
- State Legislators;
- Insurance companies;
- Self-insured funds;
- Third-party administrators;
- Attorneys;
- Physicians;
- Hospitals;
- Other state workers' compensation agencies;
- The Department of Commerce;
- The Employment Security Commission;
- The Department of Vocational Rehabilitation;
- The State Attorney General's office;
- The State Department of Labor, Licensing & Regulation;
- The Uninsured Employers Fund and the Second Injury Fund;
- The FBI and the U.S. Office of the Attorney General;
- The Social Security Administration; and,
- The State Accident Fund.

One of the Commission's primary responsibilities is coordinating the unique efforts and contributions of all parties for the express purpose of providing workers' compensation benefits to injured workers. A close examination of the goals, objectives, and performance measures of each program will reveal that the Commission is committed to a system of benefits that is responsive, expedient, accurate and reliable. Since workers' compensation involves more than 88,000 employers and 1.6 million workers in this State, the success of our programs is critical to the welfare of each

man or woman injured on the job, and to the overall economic health and development of South Carolina. In order to measure the level of customer satisfaction, Commission employees do routine informal follow up with stakeholders. The Commission will continue to examine ways to conduct a more formalized, systematic survey within budgetary constraints during future fiscal years.

The Commission is committed to providing an environment to foster communication and education among its stakeholders. In that regard, the Commission's series of one-day seminars on claims management, Claims Administration Made Easy, continues to attract attendees. Commissioners and Executive Staff made presentations at the 24th Annual Workers' Compensation Educational Conference sponsored by the South Carolina Workers' Compensation Educational Association. The Commission also teamed up with the Educational Association to co-sponsor the 22nd Annual Worker's Compensation Medical Seminar, a three-day event devoted to medical issues relevant to workers' compensation.

The Commission has developed a website which allows stakeholders to obtain information regarding the Workers' Compensation Commission. In addition, stakeholders may initiate contact with the agency through the use of an e-mail system where questions, complaints and concerns can be submitted to any department, including the Executive Director and the Chairman. Responses are usually made immediately or within 24 hours of the receipt of the inquiry.

A variety of methods are used to determine the needs and expectations of stakeholders and to provide a means of communicating with the Commission, including: telephone and written correspondence; participation in public forums; monitoring legislative activity; stakeholder visits; interviews; informational brochures; publication of "Commission Update" on an annual basis; publication of the Commission's Annual Report; sponsored conferences and workshops; agency website; and on-line communications. The majority of Commission employees have routine, daily contact with stakeholders, and the leadership places an important emphasis upon the delivery of good customer service to all users of the Commission's services.

Category IV – Information & Analysis

For the past several years, the Commission has had in place a performance based measurement system consisting of a number of identified business drivers and measures. The measurement system is designed to provide goals and to integrate those goals with budgetary requests and considerations, staffing levels and efficiency and effectiveness levels. Thirty-five performance measures have been identified and information gathered on a weekly, monthly, or annual basis. Our measurements are a result of input from the users of the workers' compensation system, both internally and externally.

The Commission looks to many of our stakeholders, including South Carolina employers and their employees, insurance carriers, third party administrators, self-insured funds, attorneys, physicians, hospitals, the General Assembly, the Governor's Office and other state agencies to help us identify those measures which reflect the productivity of the Commission and the satisfaction of the stakeholder. The Commission's scorecard of performance measures includes process cycle times, time necessary to resolve issues of concerns and customer satisfaction. As previously reported, for much of the data captured and tracked, the Commission is the leader, as other states look to our successes as a means of comparison. Once it can be determined as to how other states perform in similar categories, additional revisions and improvements to the system can be made. All employee performance appraisals are tied to the agency's performance measures and the employee's individual link to the Commission's mission and to the employee's department mission.

The Commission has been able to establish activity based costing to determine the cost associated with several of our processes. This includes cost associated with processing a hearing request; having a hearing; having an informal conference; and, processing and collecting fines to ensure improved compliance. In addition, comparison of workload measures with past or expected performance allows the leadership to make adjustments to processes and provides a means for improvement of services.

A number of performance measures are geared toward customer expectations. One of these measures is the process cycle time for setting various types of hearings. For many injured employees, economic viability is at stake following an on the job injury and a shorter wait for a hearing is a key indicator of customer service and satisfaction. The increase in the time it takes to get a hearing is attributable to the anticipation of severe budget cuts necessitating the maintenance of numerous vacancies in the department responsible for processing requests. These results are detailed in the Business Results section.

Category V – Human Resource Focus

The ongoing success of any organization is a direct and proximate result of employee performance. During the fiscal year, the Commission awarded each of its classified staff members a one-time performance bonus in recognition of their dedication and contributions in increasing organizational productivity, demonstration of exceptional customer service, and for exhibiting loyalty to the agency. Several Commission employees continued their commitment to professional development by seeking further educational endeavors.

In further recognition of employee contributions to the agency's accomplishment of its goals and achievement of its mission, each department selects an employee to be named that department's Employee of the Year. From that group of outstanding individuals, an employee is selected to be the Commission's Employee of the Year. This individual routinely has exemplified cross-functional teamwork and gone above and beyond their particular position description in the performance of job duties at the Commission. In fact, job notebooks that outline job and work processes have been developed for most positions. These manuals assist in providing on-the-job training for new employees and cross training for current employees. The key to maximizing employee performance is to ensure that jobs are interesting and satisfying. Employees remain motivated in their individual efforts if given the opportunity to cross-train and learn new job responsibilities and job skills. Executive Leadership encourages employees interested in learning about other jobs to participate in cross-training efforts. Cross-training does not just benefit the interested employee; it benefits the Commission and the respective department in the event that there is an unexpected employee absence, cross-trained employees can immediately step in and help out. This has occurred more than once in the past fiscal year and having cross-trained employees has allowed the Commission to continue to provide an exceptional level of customer service.

It is important that new employees understand the Commission's mission, structure, and functions of our agency. During the fiscal year, the Human Resources Manager began development of a new employee orientation program. As it was also important to assess employee perception of the agency, upon departure, employees are interviewed and out-processed according to a designed checklist. Due to budgetary constraints, however, no new employees have been hired since the development of the orientation program, so it has not yet been tested.

During Public Employee Recognition Week, the Commission took steps to recognize the importance of all employees to the successful achievement of our mission. Activities were planned to thank employees for their hard work, dedication and loyalty to the Commission and to the State of South Carolina. On State Employee Recognition Day, the Commission sponsored a Leadbelly Luncheon for the employees, with the senior leadership providing all food and supplies, including serving the lunch.

Other programs contribute to employee well being also. The Commission utilizes flexible work schedules to help employees balance their personal and professional lives. Many employees contribute generously to the Excess Leave Pool to help their co-workers during times of extended crisis. Social events such as breakfasts, luncheons, parties and various other types of gatherings are regularly scheduled within the offices.

It is the ultimate goal of the Commission to develop a workforce with the knowledge, skills and abilities to: guarantee present and future organizational success meeting missions and goals; enhance present and future individual employability and job successes; and fit individual needs with organizational goals.

Category VI – Process Management

During fiscal year 2000-2001, the South Carolina Workers' Compensation Commission continued its focus on improving its information technology systems. As previously reported, the Commission is in need of an in depth analysis of its specially designed database to determine whether the system should be enhanced, or redesigned completely to meet with the Commission's and stakeholders needs and demands. In preparation for this much needed analysis, one vacant FTE was transferred to the Information Services Department to create a Database Administrator position. The position was filled in September 2000 and following an extensive training period, low-level analysis of the database has begun.

Numerous hardware upgrades during the previous fiscal year resulted in significant improvements to the Commission's computer system. A priority was placed on maintaining the level of those improvements and it was determined that the Commission needed a network administrator to oversee continuous upgrades to the system. An Information Resource Consultant position was filled in September 2000, and the decision has paid off considerably. Following the hiring of this position, an extensive study was done of the Commission's networking system, due to periodic, temporary paralysis by several intermediate computer viruses. A decision was made to purchase and install anti-virus protection software and a firewall. In addition, steps have begun to create a network backup system for all users to ensure data recovery in the event of hard drive crashes or system failures. These two changes have allowed for the Commission employees to continue providing superior customer service to external stakeholders without the frustration associated with the statement "I am sorry, our computers are down. Can I ask you to call back, or may I take the information and a telephone number and call you when the computers come back on line?"

Processes are all designed with an eye toward the delivery of superior customer service, fair and impartial dispute resolution and to ensure statutory compliance with all workers' compensation laws and regulations. Ease of compliance and reduction in the burden of compliance, are coupled with the desire to ensure prompt and fair resolution to all parties are the key components in any service that the Commission delivers. In the past year, the Commission has utilized the Internet to address issues of compliance and to make the workers' compensation system easier to use.

One way to ensure compliance, reduce paper flow and ease the burden of compliance is through the use of Electronic Data Interchange (EDI) standards and protocols. Effective January 1, 1998, all insurance carriers, self-insured's, and third-party administrators were required to file reports using EDI. The overall result of the effort has been lowered mailing and handling costs, elimination of numerous reports, reduced demand for storage, streamlined claims reporting, reduced costs and improved data quality. Over 62% of all *Employer First Reports of Injury* were filed via EDI. The Commission has focused on increased compliance of national carriers and large volume reporters, and has been virtually successful in having all of these reports filed via EDI. The Commission has continued to work on the national EDI effort, to stay abreast of changes, and to remain on the leading edge of this technology project. During the

upcoming fiscal year, the Commission will examine ways to increase compliance of smaller volume reporters and to expand the process to include additional reports.

Employers are required by law to post certain posters issued by the South Carolina Workers' Compensation Commission, the South Carolina Employment Security Commission, the South Carolina Human Affairs Commission, and the South Carolina Department of Labor, Licensing & Regulation. Employers have complained about having to contact each agency separately for required posters, and cluttered walls resulting from hanging six different posters. During fiscal year 2000-2001, these agencies finalized the design and production of one concise and attractive poster containing all posters required of the agencies by State law, allowing for an employer to contact only one agency to secure a complete set of laws.

South Carolina must have a workers' compensation system that is stable, objectively balanced, competently managed, and cost effective if it is to provide a fair, equitable, and timely system of benefits to injured workers and their employers. The Commission is committed to such a system and will continue working toward that goal as directed by the General Assembly.

Medical cost containment is an important element of workers' compensation programs. It has been the public policy of most states, including South Carolina, that medical costs be contained, as are the other costs in workers' compensation, such as disability and wage payments. This is public policy since workers' compensation insurance is required of most employers with the cost ultimately paid by all citizens of the state as part of the price of goods and services that they purchase. Medical care comprises almost half of all claims costs with approximately \$200 million spent each year in South Carolina. The *Medical Services Provider Manual*, developed, approved and published by the Commission, sets the maximum allowed fees physicians and other medical providers may be paid for services provided to a workers' compensation patient. The Commission's *Hospital Ambulatory Surgical Center Payment Manual* contains the policy governing the billing and payment of hospitals and ambulatory surgical centers for inpatient and outpatient services rendered under the Workers' Compensation Act. All prices set under both fee schedules are maximum allowable fees, which allow the parties involved to negotiate lower prices.

Category VII – Business Results

CLAIMS

Mission: Improve the timeliness and accuracy of benefits to injured workers.

Cost: Funds expended in FY 2000/2001 for the Claims Department were \$495,233. This funding consisted of the following sources of funds: State - \$387,998 Other - \$107,225. Total funds expended in FY '99/00 for the Claims Department were \$507,419. The total number of FTE's in the Claims Department was 16.

Goals: Receive and process initial reports of occupational injuries and illnesses, review all claims for complete and timely payment of benefits, review settlements for completeness and accuracy, collect statistical information, and close all claims in the most timely and accurate manner possible.

Objectives:

- Continue to review and record all accident reports within 2 days of receipt;

- Continue to review 100% of initial notices of payment of temporary total compensation within 1 day;
- Continue to review 100% of all settlements within 1 day;
- Continue to close all claims within 3 days of receipt of closing documents;
- Continue to conduct annual reviews on all open cases; and
- Reduce the percentage of processing errors in claims, both internally and externally.

Key Results:

1. Maintained at 90% the review and record all accident reports within 2 days of receipt. (Up from 80% in FY 95-96)
2. Maintained review of 100% of initial notices of payment of temporary total compensation within 1 day. (Down from 3 days in FY 95-96)
3. Maintained review 100% of all settlements within 1 day.
4. Maintained closing all claims within 3 days of receipt of closing documents. (Down from 5 days in FY 95-96)
5. Maintained conducting annual reviews on all open cases.
6. Overall, reduced the percentage of processing errors in claims, both internally and externally:

	<u>FY 2000-2001</u>	<u>FY 1999-2000</u>
Untimely Form Filings	39%	41%
Untimely Payments	7%	4.5%
Untimely Investigations	16%	3.5%

Raw Numbers:

	<u>FY 2000-2001</u>	<u>FY 1999-2000</u>
Classified Accident Reports Filed	34,785	33,767
Initial Payment Notices Reviewed	15,431	16,206
Settlements Reviewed	13,610	14,051
Number of Carrier Files Audited	615	655
Cases Closed by Commission	34,826	34,588
Cases Reviewed	92,874	104,317

Judicial

Mission: Assess and assign for disposition all claims requiring mediation, adjudication, or appellate review.

Cost: Funds expended in FY 2000/2001 for the Judicial Department were \$2,097,227. This funding consisted of the following sources of funds: State - \$1,771,118 Other - \$326,109. Total funds expended in FY '99/00 for the Judicial Department were \$2,062,042. The total number of FTE's in the Judicial Department was 36.

Goals: Prepare and schedule unresolved claims for either an informal conference (viewing), hearing, or appellate review; Make settlement recommendations (viewings), or adjudicate findings (hearings and reviews) to resolve disputed issues; and Approve settlement agreements, lump sum awards, and attorney fee petitions in the most equitable, timely, and accurate manner possible.

Objectives:

- Continue to process requests for informal conferences within 5 days;
- Dispose of 80% of hearings within 120 days;
- Continue to docket appeals within 60 days.
- Continue to process hearing requests within 10 days;
- Dispose of 80% of informal conferences within 90 days; and
- Dispose of 90% of appeals within 90 days.

Key Results:

1. Maintained processing 100% of requests for informal conferences within 5 days.
2. Disposed of 70% of hearings within 120 days. (FY00-01 142 days)
3. Maintained docketing 100% of appeals within 60 days. (Down from 90 days in FY95-96)
4. Processed 100% of hearing requests within 15 days. (Up from 10 days in FY99-00; Down from 21 days in FY95-96)
5. Maintained disposing of 80% of informal conferences within 90 days.
6. Maintained disposing of 90% of appeals within 90 days.

Raw Numbers:

	<u>FY 2000-2001</u>	<u>FY 1999-2000</u>
Average Cost to Process Hearing Request	\$168.03	\$ 163.62
Average Cost of a Hearing	\$736.52	\$ 656.16
Average Cost to Process		
Informal Conference Request	\$ 27.57	**
Average Cost of Informal Conference	\$ 32.88	**

** *Figures not accurately computed*

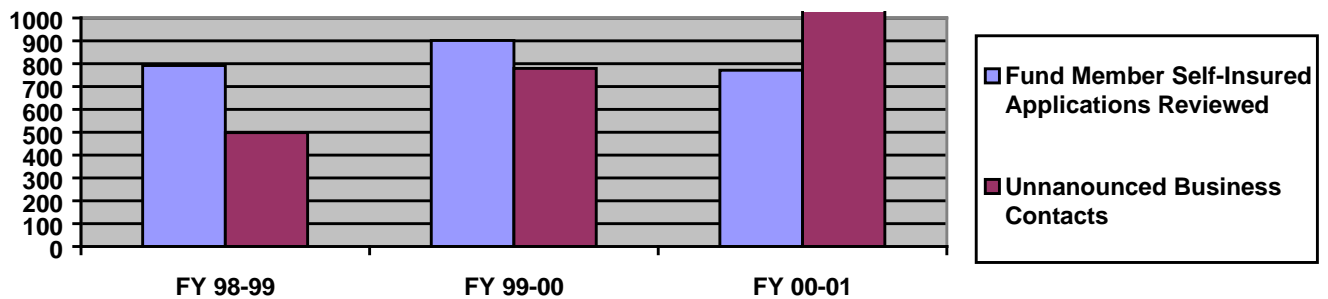
Cases Docketed for Hearings	7,948	9,573
Cases Docketed for Informal Hearings	6,213	7,201
Decisions & Orders Issued	3,532	4,245
Full Commission Appeals Filed	739	783
Full Commission Appeals Completed (Orders/Settled)	725	672
Appeals to Higher Courts	171	170

Insurance & Medical Services

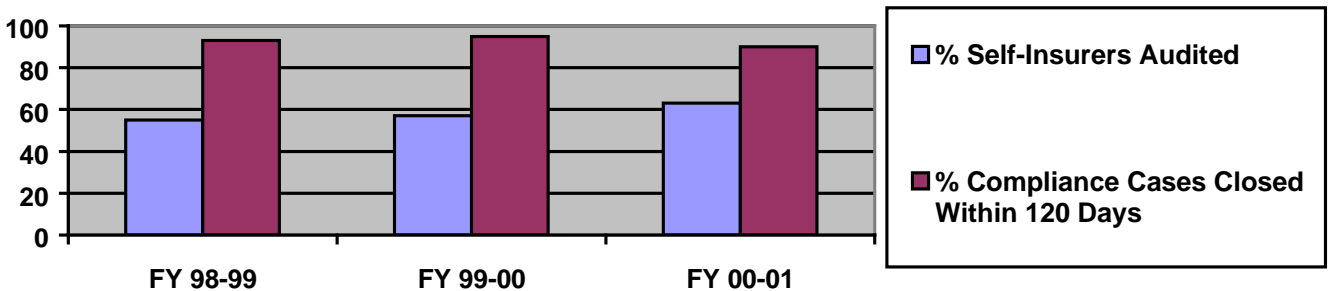
- Mission:** Assure availability of workers' compensation benefits to injured workers, provide employers a self-insurance alternative, and contain medical costs.
- Cost:** Funds expended in FY 2000/2001 for the Insurance & Medical Services Department were \$483,849. This funding consisted of the following sources of funds: State - \$403,522 Other - \$80,327. Total funds expended in FY '99/00 for the Insurance & Medical Services Department were \$525,529. The total number of FTE's in the Insurance & Medical Services Department was 12.1.
- Goals:** Develop and maintain payment systems for hospitals, physicians, and other health care providers for services provided to workers' compensation patients; review all applications from corporations and prospective funds to self-insure their workers' compensation liabilities; monitor the financial condition of all self-insured funds and self-insured corporations; and ensure all companies and individuals encompassed by the Workers' Compensation Act comply with its provisions in the most accurate and reliable manner possible.
- Objectives:**
- Revise as necessary and maintain the *Medical Services Provider Manual* and the hospital inpatient and outpatient systems;
 - Continue to review contested medical bills within 5 days;
 - Continue to review corporate applications to self-insure within 60 days of receipt of the completed applications;
 - Continue to review fund member applications to self-insure within 2 days of receipt of the completed applications;
 - Increase by 10% the number of unannounced business contacts;
 - Collect self-insured taxes within 120 days of the end of each self-insured's fiscal year;
 - Maintain employers coverage database and verify coverage within 5 days;
 - Increase the number of self-insured audits; and,
 - Increase the percentage of compliance cases closed within 120 days.

Key Results:

1. Due to pending litigation, the *Medical Services Provider Manual* was not revised or updated during the fiscal year.
2. Maintained 100% review of contested medical bills within 5 days.
3. Maintained 100% review corporate applications to self-insure within 60 days of receipt of the completed applications.
4. Maintained 100% review fund member applications to self-insure within 2 days of receipt of the completed applications. (Down from 45 days in FY 95-96)
5. Increased by almost 50% the number of unannounced business contacts.



6. Collected 99% of self-insured taxes within 120 days of the end of each self-insured's fiscal year.
7. Maintained employers coverage database and verified 98% of coverage within 5 days.
8. Increased by 3% the number of self-insured audits.
9. Decreased by 2% percentage of compliance cases closed within 120 days.



Raw Numbers:

	FY 2000-2001	FY 1999-2000
Corporate Self-Insured Applications Reviewed	24	17
Fund Member Self-Insured Applications Reviewed	772	902
Unannounced Business Contacts	1,140	780